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DEPT FOR SE GRATION, S/USSES, AF A/S CARSON, AF/E
NSC FOR MGAVIN
DEPT PLS PASS USAID FOR AFR/SUDAN, DCHA/SUDAN
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SUBJECT: USAID AND AECOM SIGN IMPLEMENTATION PROTOCOL WITH MIC

REF: A) KHARTOUM 535
B) KHARTOUM 210
C) KHARTOUM 225

¶1. (SBU) Summary. USAID and implementing partner AECOM (formerly operating in Sudan as PADCO) signed an Implementation Protocol (IP) with the Government of Sudan's Ministry of International Cooperation (MIC) on June 8, 2009. The new relationship with MIC restores the programming of the USAID Office of Transition Initiatives' (OTI) primary partner in Sudan. PADCO was among the thirteen organizations expelled after the March 4 International Criminal Court indictment against President Omar al Bashir. With the signing of the IP, AECOM - doing business in Sudan as AECOM International Sudan (AIS) - can officially resume activities that had to be suspended in the Three Areas due to y the expulsions. End summary.

¶2. (SBU) After several weeks of discussions, the IP was signed by Charge d'Affaires Whitehead, the Minister of International Cooperation, the USAID Mission Director, AECOM representative and the Governors of Blue Nile and Southern Kordofan, as well as by the Abyei Administrator. The IP encompasses the rapid-response, in-kind small grants mechanism of USAID/OTI and AECOM, estimated at \$30 million over the life of the project from 2009-2011. [Note: USAID already had obligated \$20 million to PADCO-AECOM. End Note.] The program will be managed by USAID/OTI and AECOM, with oversight provided by a National Committee comprising MIC, the Ministry of Foreign Affairs, Ministry of Finance, the Governors of Blue Nile and South Kordofan, and the Chief Administrator of the Abyei Area Administration. State-level sub-committees consisting of representatives named by the Governors and Chief Administrator will work closely with USAID/OTI and AECOM to develop work plans in line with their regional priorities.

¶3. (SBU) The signed IP with USAID, MIC, and AECOM represents a fresh start for a partner previously registered through the Humanitarian Affairs Commission (HAC). This is the second IP that USAID has signed with MIC in the past two months (Ref A). The IP lays out a program focused primarily on priority peace-building and conflict mitigation activities in the Three Areas, which constitute a politically-sensitive and potentially- explosive fault line along the North-South border. The IP provides for the possibility of implementing civic education activities in Khartoum similar to those PADCO managed prior to March 4. However, USAID will approach resuming this aspect of the portfolio cautiously, as these are the activities that most likely led to PADCO's inclusion on the expulsion list. The IP also includes the provision to undertake similar activities in Darfur, should political and security conditions permit.

¶4. (SBU) Following the U.S. Special Envoy's first visit to Khartoum, when the Government of Sudan agreed to the return of four U.S.-funded partners under new auspices, , AECOM requested, and was

granted, visas for the former PADCO Country Director - who was expelled from Sudan on February 10 (Ref B) - and the former Deputy Country Director. With their visas in hand, and with the process of negotiating the IP with MIC well underway, these two staff traveled to Sudan and began to mobilize as AIS. With guidance from USAID/OTI and written assurances from state-level government officials to ensure protection of staff and sub-contractors, AIS organized the resumption of several critical priority activities in the Three Areas that had to proceed before the rainy season began in earnest. These activities, including establishing and equipping the Abyei Area Administration's temporary offices, as well as several strategically important infrastructure peace dividends in areas of Blue Nile and South Kordofan states, are already underway and can now be completed.

15. (SBU) The completion of start-up formalities includes opening new bank accounts and the hiring of expatriate and local staff. In addition, PADCO assets seized by HAC will be returned to USAID as agreed to by the GoS and the Special Envoy. As a result, USAID/OTI and AECOM will also be able to undertake new activities in the Three Areas. Many of these activities were already under development prior to March 4, and include significant investments in water points in the western sector of Southern Kordofan state, rehabilitation of the Abyei electricity network and the setting up of youth, peace and vocational centers throughout the region. USAID/OTI and AECOM are also exploring the possibility of a joint NCP-SPLM study tour outside Sudan. This would allow both to examine successful popular consultation processes regarding center-periphery relations and models of federalism and statehood elsewhere. Such a study tour would inform decisions by state-level Legislative Assembly members and other relevant officials as they move toward the Popular Consultations mandated by the Comprehensive Peace

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Agreement. Other projects in the planning stage include a series of three policy workshops between Misseriya and Ngok Dinka leaders that consider different options for resolving the most critical issues related to the Abyei border arbitration. On June 7 and 8 joint NCP/SPLM delegations officially requested OTI support for the study tours and policy workshops respectively.

16. (SBU) Comment. Thus far, MIC, and in particular the Undersecretary, have been helpful in facilitating the early stages of establishing AECOM in Sudan. This included encouraging AECOM staff to move ahead with program and operations prior to the formal signing of the IP. The thorny issue of returning assets from HAC still remains, and its resolution is central to AECOM's ability to quickly resume implementation of activities. Unlike the other twelve NGOs that operated in Darfur, and thanks in large part to the interventions of local government stakeholders in the Three Areas, PADCO-AECOM emerged from the March 4 expulsion with its assets largely intact. The latter are being held in former PADCO offices by HAC, and are available for transfer as soon as HAC and MIC agree on the process. If operational aspects such as asset return and staffing, which are subject to GoS approval, move forward smoothly, USAID and AECOM expect to resume full operational capacity in the Three Areas within a matter of weeks.

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